

# DEPARTMENT OF HIGHER EDUCATION

## Enabling Laws

Act 25, First Extraordinary Session, 2003  
Act 1290, Regular Session, 2003  
Act 349, Regular Session, 2003  
Act 46, First Extraordinary Session, 2003

Act 6, Second Extraordinary Session, 2003  
Act 7, Second Extraordinary Session, 2003  
Act 66, Second Extraordinary Session, 2003  
Act 108, Second Extraordinary Session, 2003

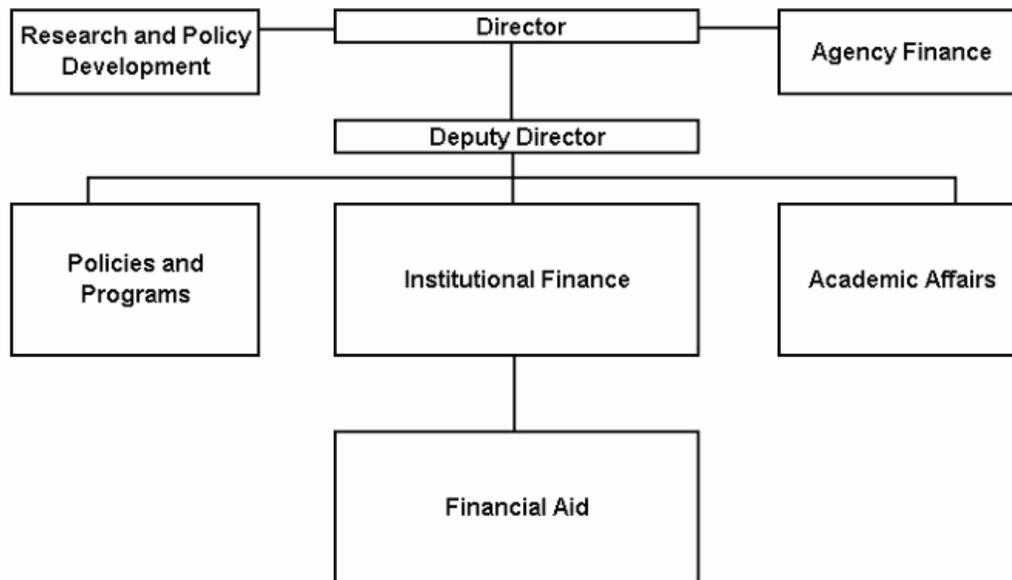
Higher education financial aid programs as authorized by Arkansas Code Title 6, et.al  
Higher education financial aid program fund balances as authorized by Arkansas Code Title 19, et.al

## History and Organization

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Higher Education Coordinating Board (AHECB) was created by Act 1114 of 1997 which abolished the State Board of Higher Education and transferred its powers, duties and functions to the AHECB which now oversees the Department of Higher Education. The scope of the responsibilities of the ADHE has broadened over the years to include determining the role and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies-- the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to approximately 14,500 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student at public or private colleges and universities and all faculty members at the public colleges and universities. ADHE also maintains data on all recipients of financial aid programs managed by ADHE, whether attendance is at a public or private institution.

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the state; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.



## **Agency Commentary**

The following describes change levels for the Arkansas Department of Higher Education (ADHE) for the 2005-07 biennium. Each is designed to either restore or maintain capabilities of the agency to meet continuing mandates of the Governor and the Legislature for effective coordination of Arkansas higher education.

### *I. Higher Education Coordination (0700P01)*

#### A. Capital Outlay

The agency requests \$13,000 in appropriation only, for each year of the biennium. The agency's technology plan calls for the replacement of one of the agency's four student data servers each year and this appropriation will allow the agency to resume this replacement schedule.

#### B. Professional Fees & Services

Arkansas Code §6-61-214 and 6-61-208 requires ADHE to review new and existing academic degree programs for the public institutions of higher education in Arkansas. The agency requests \$25,000 in appropriation only, for each year of the biennium for authority to hire consultants for the review of doctoral, selected master's degree proposals and some technical/professional baccalaureate programs that are highly specialized and beyond the general or specific expertise of the agency's Academic Affairs staff.

#### C. Restoration of Secretary II position

ADHE requests restoration of authorized level for a Grade 13 Secretary II position (with associated salary and matching appropriation) to support additional requests for program reviews generated by 5 technical institutions transferred under AHECB in 2003 and 1148 additional students during the same period. ADHE requests appropriation only \$25,782 for FY06 and \$26,496 for FY07.

#### D. Operating Expenses

The agency is requesting additional appropriation in the amount of \$60,000 for each year of the biennium. The Arkansas Higher Education Coordinating Board is empowered to establish the criteria required for certification and to promulgate rules and regulations for the purpose of carrying out the provisions of Arkansas Code §6-61-301, certification of out-of-state and private colleges. Based on this authority, ADHE will begin collecting fees from institutions for certification, recertification, decertification and course/program changes that require staff review. Arkansas Code §19-6-109 requires that income received for services provided by an agency of the state be credited to the fund from which the agency draws its support. Therefore, the requested appropriation will provide ADHE spending authority for these collected fees.

#### E. Higher Education Building Maintenance Fund

The Department is requesting \$4,000,000 each year for maintenance of facilities at the institutions of higher education. Funding for this appropriation is from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal land located in the state and is used for critical maintenance needs for educational and general (E&G) buildings of institutions of higher education.

#### F. Research Development Fund

The Department is requesting \$10,000,000 each year of the 2005-07 biennium to provide Arkansas Research and Development Program scientific research grants to institutions of higher education in Arkansas. Any available funding for this program will be transferred from the Higher Education Building Maintenance Fund in accordance with Section 19 of Act 1180 of 1999. Funding is from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal land in Arkansas.

### II. Student Financial Aid (0700P02)

#### A. Dependents of Law Enforcement

The Dependents of Law Enforcement Officers Program provides scholarships to children or spouses of law enforcement officers who have been killed or permanently disabled in the line of duty. This program is an entitlement and recipients are granted this scholarship by being deemed eligible by the Arkansas State Claims Commission. During recent years, the number of students eligible for this program has grown. In the 2003-05 biennium, the appropriation level was \$100,000 per year. Actual claims to the program amounted to approximately \$107,000 in the 2003-04 fiscal year. ADHE seeks additional appropriation to continue assisting the children or spouses of law enforcement officers who died or became disabled while serving our state. ADHE requests an increase in appropriation only of \$20,000 for each year of the biennium.

#### B. State Scholarship (Student Assistance Grant) - Federal

The Arkansas Student Assistance Grant Program receives an appropriation of federal funds to supplement the state program. The federal appropriation is expected to significantly increase in this biennium. ADHE requests an increase of \$359,134 above BASE for each year of the biennium to provide authority for funds anticipated to be received for this

program from the U.S. Department of Education.

C. Transfer of funding for the HE Coordinator of Recruitment position

In lieu of requesting continued funding from the Education Adequacy Fund, the agency requests a transfer of funding from the Higher Education Grants Fund to the Department of Higher Education Fund for the personal services cost of the Higher Education Recruitment Coordinator for each year of the biennium. This position recruits applicants for the State Teacher Assistance Resource (STAR) Program from those entering their junior year in college. This position is currently authorized in Act 66 of the 2nd Extraordinary Session of 2003. A transfer of funds for these purposes from the Higher Education Grants Fund is included as part of the Department's special language request. ADHE requests a Fund Transfer from Higher Education Grants Fund of \$90,474 for FY06 and \$92,776 for FY07.

III. Health Professions Financial Assistance (0700P03)

A. Arkansas Health Education Grants

The Arkansas Health Education Grant Program (ARHEG) provides assistance for Arkansas residents attending certain out-of-state accredited health and medical professional schools for graduate or professional programs that are unavailable in Arkansas. Such assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathic medicine, podiatric medicine or chiropractic medicine.

The Arkansas Higher Education Coordinating Board (AHECB) ranks the need for such programs. Based on need and the availability of funding, AHECB establishes the number of student contract slots for entering students in each professional field.

Based on the freshmen and sophomore classes expected to enter in fall 2004 and a full complement in the entering classes in 2005-06 and 2006-07, ADHE requests a reallocation of appropriation in these disciplines in order to continue the slot allocations for entering students established by AHECB for 1994-95. This request will allow ADHE to continue the program at the same level of students served since 1994-95. The biennial request for Health Education Grants reflects increases in all programs with the exception of the FY2005-06 request for Dental Aid and Osteopathy Aid. The appropriation levels requested for Dental Aid (as reflected in the table below) are the net result of anticipated obligations for both the Grants and Loans segments of this program. The request for Dental Loans is explained under Sub-Section A1. Requested appropriation increases for ARHEG Grants of \$23,933 for 2005-06 and \$256,686 for 2006-07 reflect substantial growth in the Southern Regional Education Board (SREB) contract fees per student in response to rising tuition and fees at the participating institutions.

A1. Dental Loans

Act 1715 of 2003 authorizes ADHE to provide loans to dental students who participate in the ARHEG Program and whose tuition exceeds the contract amount negotiated by SREB. While the law states that the funds may be provided by the Budget Stabilization Trust Fund, ADHE was not able to access funds from that source during the 2003-05 biennium. ADHE provided dental loans to these students from fund balances realized from the Higher

Education Grant Funds Account in 2003-05. These loans are forgivable if recipients practice dentistry in Arkansas after graduating and receiving licensure to practice in the state. A student cannot receive this loan for more than four years while attending dental school. Currently, two classes of dental students have received loans in the amount of \$90,000 per class. In order to continue funding these two classes of students and to maintain a full pipeline of students in the program, ADHE requests additional net appropriation above BASE of \$270,000 for 2005-06 and \$360,000 for 2006-07. The additional appropriation requested as shown in the table below is sufficient to meet anticipated obligations for both the Grants and Loans components of this program.

Request: Net Additional Appropriation only in the amount of \$293,933 for 2005-06 and \$616,686 for 2006-07.

	<u>2005-06</u>	<u>2006-07</u>	2005-06 Increase <u>Above Base</u>	2006-07 Increase <u>Above Base</u>
Dentistry Medicine	\$ 1,765,000	\$ 1,970,000	\$ 169,000	\$ 374,000
Veterinary Medicine	851,094	913,347	107,145	169,398
Optometry Medicine	316,400	341,600	19,600	44,800
Osteopathic Medicine	166,700	179,800	(7,112)	5,988
Podiatric Medicine	99,600	111,800	2,600	14,800
Chiropractic Medicine	<u>255,000</u>	<u>260,000</u>	<u>2,700</u>	<u>7,700</u>
Total Approp Requested	\$ 3,453,794	\$ 3,776,547	\$ 293,933	\$ 616,686

#### IV. Institutional Grants (0700P04)

##### A. Technical Education - Federal Programs

The Technical Education-Federal Program provides technical education services to applicable institutions of higher education through the Carl D. Perkins Vocational and Technical Education Grant. Section 113 of the Federal Carl D. Perkins Vocational and Technical Education Act requires each state to "establish a state performance accountability system to assess the effectiveness of the state in achieving statewide progress in vocational and technical education and to optimize the return of investment of Federal funds in vocational and technical education activities." The continuation of a position established through the Miscellaneous Federal Grant process and an increase in appropriation is requested so that ADHE can effectively respond to the requirements set forth in this act. Request: Continuation of a position and other program costs established through the Miscellaneous Federal Grant process in the amount of \$153,711 each year of the biennium.

##### B. Improving Teacher Quality - Federal

The "No Child Left Behind" Act of 2001, which reauthorized the Elementary & Secondary Act of 1965, places major emphasis upon teacher quality as a factor in improving student achievement. These funds provide programs on preparing, training and recruiting high-quality teachers and principals through competitive grants to institutions of higher education. Additional appropriation is requested due to the fact that federal funding expected to be received for this program is greater than originally anticipated.

Additional appropriation will be used to support costs anticipated for functions related to the accountability, evaluation and monitoring of activities of the "No Child Left Behind" Program. Request: \$1,127,000 for each year of the 2005-07 biennium.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF HIGHER EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2002

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	6	18	24	73 %
Black Employees	0	8	8	24 %
Other Racial Minorities	0	1	1	3 %
Total Minorities			9	27%
Total Employees			33	100 %

## Publications

### A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
A-Book Operating & Capital	ACA 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.
Agenda Books	ACA 6-61-202	N	N	75	Provides notice of higher education issues to be addressed by AHECB.
AR Academic Cost Accounting	ACA 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.
AR Challenge Scholarships	ACA 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.
Atheltic Costs & Revenues	ACA 6-62-106	N	Y	50	Presented to AHECB and Joint Audit Committee annually.

B-Book - Personal Services	ACA 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.
Degrees Awarded	ACA 6-61-206	N	N	0	Available on web site - distributed for informational purposes upon request to higher educ community & others.
Fact Book	ACA 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.
Financial Aid Guide	ACA 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.
Financial Prgms. Handbook	ACA 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Governor's Scholars	ACA 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Higher Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.
Impact of Scholarship Prgms. Scholarship Progs	ACA 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.
Legislative Summary	ACA 6-61-202	Y	Y	50	Provides information on legislation affecting higher education
Minimum Core Curriculum	ACA 6-53-205 & 6-61-218	N	N	50	For informational purposes, copies are distributed to each public institution of higher education.
Retention & Graduation	ACA 6-61-220	N	N	0	Appears annually in AHECB agenda book published & distributed quarterly to Board, Governor, Institutions
Student Enrollments	ACA 6-61-206	N	N	0	Available on web site - distributed for informational purposes to higher educ community & others.
Student Semester Credit & FTE	ACA 6-61-206	N	N	0	On Web site - Distributed upon request for informational purposes to Higher Education community & others.

## Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0700P01 Higher Education Coordination	3,919,138	28	10,554,826	30	56,838,876	30	17,322,664	31	17,322,664	31	17,381,432	31	17,381,432	31
0700P02 Student Financial Aid	29,339,803	7	42,771,031	8	43,338,482	8	43,177,252	8	43,177,252	8	43,189,782	8	43,189,782	8
0700P03 Hlth Professions Financial Assist	2,609,207	0	3,159,861	0	3,159,861	0	3,453,794	0	3,453,794	0	3,776,547	0	3,776,547	0
0700P04 Institutional Grants	1,643,408	4	857,961	2	2,353,669	2	1,999,632	2	1,999,632	2	2,004,232	2	2,004,232	2
<b>Total</b>	<b>37,511,556</b>	<b>39</b>	<b>57,343,679</b>	<b>40</b>	<b>105,690,888</b>	<b>40</b>	<b>65,953,342</b>	<b>41</b>	<b>65,953,342</b>	<b>41</b>	<b>66,351,993</b>	<b>41</b>	<b>66,351,993</b>	<b>41</b>

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	984,231	1.7	13,169,735	18.7	13,000,035	16.6	13,000,035	16.6	12,674,822	16.2	12,674,822	16.2
General Revenue	4000010	36,093,463	63.9	37,171,347	52.7	37,341,701	47.7	37,341,701	47.7	37,404,610	47.9	37,404,610	47.9
Federal Revenue	4000020	1,979,292	3.5	943,827	1.3	2,444,632	3.1	2,444,632	3.1	2,449,232	3.1	2,449,232	3.1
Cash Fund	4000045	0	0.0	4,380	0.0	4,380	0.0	4,380	0.0	4,380	0.0	4,380	0.0
Trust Fund	4000050	1,030,958	1.8	0	0.0	14,000,000	17.9	14,000,000	17.9	14,000,000	17.9	14,000,000	17.9
Merit Adjustment Fund	4000055	0	0.0	85,136	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Educational Adequacy Fund	4000210	0	0.0	87,714	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Educational Excellence Fund	4000220	10,593,347	18.8	11,017,510	15.6	11,017,510	14.1	11,017,510	14.1	11,017,510	14.1	11,017,510	14.1
Gen Rev Yyr College Model	4000257	5,426,445	9.6	7,683,765	10.9	0	0.0	0	0.0	0	0.0	0	0.0
Gen Rev Higher Ed Grants	4000258	350,000	0.7	350,000	0.6	350,000	0.4	350,000	0.4	350,000	0.4	350,000	0.4
HEG Fund Transfers/Adjustments	4000280	0	0.0	0	0.0	90,474	0.1	90,474	0.1	92,776	0.1	92,776	0.1
Institution Certification Fees	4000297	0	0.0	0	0.0	60,000	0.1	60,000	0.1	60,000	0.3	60,000	0.3
<b>Total Funds</b>		<b>56,457,736</b>	<b>100.0</b>	<b>70,513,414</b>	<b>100.0</b>	<b>78,308,732</b>	<b>100.0</b>	<b>78,308,732</b>	<b>100.0</b>	<b>78,053,330</b>	<b>100.0</b>	<b>78,053,330</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(18,946,180)		(13,169,735)		(12,355,390)		(12,355,390)		(11,701,337)		(11,701,337)	
<b>Grand Total</b>		<b>37,511,556</b>		<b>57,343,679</b>		<b>65,953,342</b>		<b>65,953,342</b>		<b>66,351,993</b>		<b>66,351,993</b>	

Ending fund balances may not carryforward due to excess appropriations and/or fund transfers at the Program Summary level (see footnotes at the Program Summary level).

## Analysis of Budget Request

**Appropriation / Program:** 0700P01 - Higher Education Coordination

**Funding Sources:** HQA-Dept. of High Educ; HEG-High Educ Grants; CHE-2-Year Model; THE/THD-Trust; Other Funds

The Higher Education Coordination Program of the Arkansas Department of Higher Education (ADHE) provides resources needed for day to day operations of the agency and most state-level, public higher education functions. The objective of this program is to promote creative, effective, and efficient leadership and management of higher education and to provide a funding recommendation for public institutions of higher education to the Governor and Legislature.

Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for thirty (30) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

Change Level requests for the Higher Education Coordination Program total \$14,123,782 for FY2006 and \$14,124,496 for FY2007. As categorized by fund source, these are as follows:

### GENERAL REVENUE

- \$13,000 each year for Capital Outlay in appropriation only in order that ADHE may follow a schedule for replacement of one of the agency's four student data servers as reflected in the agency's technology plan.
- \$25,000 each year for Professional Fees & Services in appropriation only to provide ADHE with the authority to hire consultants for the review of doctoral, select master's degree programs, and some technical/professional baccalaureate programs.
- Restoration of a currently authorized Grade 13 Secretary II position to assist with processing additional academic program reviews required by recent technical institute mergers. A total of \$25,782 for FY06 and \$26,496 for FY07 in appropriation only for salary and matching support for this position is requested.

It should be noted that for FY04, a total of \$350,000 in appropriation and funds were transferred to eligible institutions from the Higher Education Grants Fund to support the payment of Tuition Adjustment costs. Pursuant to Act 1290 of 2003, \$5,426,445 in appropriation and funds were transferred to 2-Year institutions of higher education for distribution of the 2-Year College Model Formula Fund allocation. Requests for the 2-Year College Model Formula Fund is included within the biennial institutional recommendations of the Arkansas Higher Education Coordinating Board (AHECB).

### TRUST FUNDS

- \$4,000,000 each year is requested for Grants/Aids for the Higher Education Building Maintenance Fund. The source of revenue is proceeds from the sale or lease of

minerals, oil and gas on military and non-military federal land located in Arkansas. As directed by the Arkansas Higher Education Coordinating Board, funds may be provided to various institutions of higher education to support the critical maintenance needs of educational facilities.

- \$10,000,000 each year is requested for the Arkansas Research Development Fund to provide scientific research grants to institutions of higher education. Any available funding for this program would be transferred from the Building Maintenance Fund in accordance with the provisions of Section 19 of Act 1180 of 1999.

#### CERTIFICATION FEES

- \$60,000 each year is requested for Operating Expenses. Funding is proposed from fees charged to institutions for certification, recertification, decertification, and course/program changes requiring staff program review. Arkansas Code §6-61-301 empowers the Arkansas Higher Education Coordinating Board with the authority to establish criteria required for certification and promulgation of applicable rules and regulations. The proceeds from fees charged will be deposited into the Department of Higher Education Fund Account to support the operating costs of the agency.

The Executive Recommendation provides for Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 0700P01 Higher Education Coordination

**Funding Sources:** HQA-Dept. of High Educ; HEG-High Educ Grants; CHE-2-Year Model; THE/THD-Trus  
Other Funds

Program Description	Program Goals	
The Higher Education Coordination program provides the resources needed for the day-to-day operations of the agency and most state-level, public higher education functions.	1	Coordinate higher education in Arkansas and promote quality in all aspects of higher education.

Objective Code	Name	Description
00KA	Objective 1	Promote creative, efficient, and effective leadership and management of higher education.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Number of university, community college, and technical college new program proposals, organizational structure changes, and proposals to establish new institutions reviewed.	110/124	110	110
1	X	X	Outcome	Number of prior year audit findings repeated in subsequent audit.	0/0	0	0
1			Output	Number of agency in-house data systems maintained by agency staff or maintained through contractual services.	2/2	2	2
1			Outcome	Agency information technology budget as a percent of the Higher Education Coordination program budget.	8%/8.20%	8%	8%
1	X	X	Outcome	A biennial funding methodology and recommendation for operating/capital budgets that considers higher education needs and has been approved by the Arkansas Higher Education Coordinating Board (AHECB) no later than August of even numbered years.	1/1 (\$615.8 million/\$7.2M)	1	1

## Appropriation / Program Summary

**Appropriation / Program:** 0700P01

Higher Education Coordination

**Funding Sources:**

HQA-Dept. of High Educ; HEG-High Educ Grants; CHE-2-Year Model; THE/THD-Trus  
Other Funds

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of annual reports presented to the Arkansas Higher Education Coordinating Board related to college enrollments, remediation rates, retention and graduation rates as a function of gender and ethnicity, and program productivity.	6/7	6	6
1			Output	Number of data files that are collected, organized, validated and electronically stored through the Student Information System (SIS).	600/622	600	600
1	X	X	Outcome	Produce and disseminate the annual report of the Arkansas Higher Education Performance Reporting System no later than May 15th.		1	1
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4

## Appropriation / Program Summary

Appropriation / Program: 0700P01 Higher Education Coordination  
**Authorized Program Amount 56,838,876**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,451,572	1,595,405	1,853,654	1,872,072	1,872,072	1,902,607	1,921,625	1,921,625
<b>#Positions</b>		<b>28</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>31</b>
Extra Help	5010001	18,543	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>#Extra Help</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Personal Services Matching	5010003	340,022	395,085	464,657	472,021	472,021	473,758	481,236	481,236
Operating Expenses	5020002	473,888	475,571	475,571	535,571	535,571	475,571	535,571	535,571
Travel-Conference Fees	5050009	30,766	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees and Services	5060010	5,951	0	0	25,000	25,000	0	25,000	25,000
Grants and Aid	5100004	1,585,626	0	0	14,000,000	14,000,000	0	14,000,000	14,000,000
Refund/Reimbursements	5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Capital Outlay	5120011	12,770	0	0	13,000	13,000	0	13,000	13,000
2 Year College Model	5900046	0	7,683,765	0	0	0	0	0	0
<b>Total</b>		<b>3,919,138</b>	<b>10,554,826</b>	<b>3,198,882</b>	<b>17,322,664</b>	<b>17,322,664</b>	<b>3,256,936</b>	<b>17,381,432</b>	<b>17,381,432</b>

Funding Sources									
Fund Balance	4000005	724,368	169,700	0	0	0	0	0	0
General Revenue	4000010	2,333,512	2,431,545	2,588,852	2,588,852	2,588,852	2,641,746	2,641,746	2,641,746
Cash Fund	4000045	0	4,380	4,380	4,380	4,380	4,380	4,380	4,380
Trust Fund	4000050	1,030,958	0	0	14,000,000	14,000,000	0	14,000,000	14,000,000
Merit Adjustment Fund	4000055	0	85,136	0	0	0	0	0	0
Gen Rev 2yr College Model	4000257	5,426,445	7,683,765	0	0	0	0	0	0
Gen Rev Higher Ed Grants	4000258	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Institution Certification Fees	4000297	0	0	0	60,000	60,000	0	60,000	60,000
<b>Total Funding</b>		<b>9,865,283</b>	<b>10,724,526</b>	<b>2,943,232</b>	<b>17,003,232</b>	<b>17,003,232</b>	<b>2,996,126</b>	<b>17,056,126</b>	<b>17,056,126</b>
Excess Appro/(Funding)		(5,946,145)	(169,700)	255,650	319,432	319,432	260,810	325,306	325,306
<b>Grand Total</b>		<b>3,919,138</b>	<b>10,554,826</b>	<b>3,198,882</b>	<b>17,322,664</b>	<b>17,322,664</b>	<b>3,256,936</b>	<b>17,381,432</b>	<b>17,381,432</b>

For FY04, a total of \$350,000 in approp and funds were transferred to the institutions from High Educ Grants for tuition adj. costs; and per Act 1290 of 2003, \$5,426,445 in approp and funds were transferred to institutions for the 2-Year College Model Formula fund allocation. (The 2-Year College Model Formula is part of Base recs for institutions by the AR Higher Ed Cood. Board (AHECB)). The FY05 ending fund balance of \$169,700 does not carry forward into new biennium as AHECB can distribute.

## **Objective Summary**

**Objective:** 00KA HE Coord-Obj 1

**Description:** Promote creative, efficient, and effective leadership and management of higher education.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,451,572	1,595,405	1,853,654	1,872,072	1,872,072	1,902,607	1,921,625	1,921,625
<b>#Positions</b>	<b>28</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>31</b>
Extra Help 5010001	18,543	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>#Extra Help</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Personal Services Matching 5010003	340,022	395,085	464,657	472,021	472,021	473,758	481,236	481,236
Operating Expenses 5020002	473,888	475,571	475,571	535,571	535,571	475,571	535,571	535,571
Travel-Conference Fees 5050009	30,766	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees and Services 5060010	5,951	0	0	25,000	25,000	0	25,000	25,000
Grants and Aid 5100004	1,585,626	0	0	14,000,000	14,000,000	0	14,000,000	14,000,000
Refund/Reimbursements 5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Capital Outlay 5120011	12,770	0	0	13,000	13,000	0	13,000	13,000
2 Year College Model 5900046	0	7,683,765	0	0	0	0	0	0
<b>Objective Total</b>	<b>3,919,138</b>	<b>10,554,826</b>	<b>3,198,882</b>	<b>17,322,664</b>	<b>17,322,664</b>	<b>3,256,936</b>	<b>17,381,432</b>	<b>17,381,432</b>

## **Analysis of Budget Request**

**Appropriation / Program:** 0700P02 - Student Financial Aid

**Funding Sources:** HQA-Dept. of High Educ; HEG-Higher Educ Grants; FCP-Federal

The Student Financial Aid Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for student assistance programs administered by ADHE.

Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for eight (8) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

Change Level requests for the Student Financial Aid Program total \$379,134 each year of the 2005-07 biennium. As categorized by fund source, these are as follows:

### **GENERAL REVENUE**

- \$20,000 each year for the Dependents of Law Enforcement Program in appropriation only. This program provides scholarships to children or spouses of law enforcement officers killed or permanently disabled in the line of duty. This program is an entitlement and scholarships are offered to those deemed eligible by the Arkansas State Claims Commission. The number of eligible students has grown throughout the 2003-05 biennium and growth is expected to continue for the 2005-07 biennium. ADHE anticipates that the funding for the Dependents of Law Enforcement Program can be supported by utilization of fund balances carried forward in the Higher Education Grants Fund.

### **FEDERAL FUNDS**

- \$359,134 each year for the federal portion of the State Assistance Grants Program. This request is in line with monies anticipated to be received from the U. S. Department of Education for this program.

The Higher Education Coordinator of Recruitment position is a Base Level position currently funded from transfers from the Educational Adequacy Fund pursuant to special language found in Section 2 of Act 108 of the 2nd Extraordinary Session of 2003. The position is currently authorized in Act 66 of the 2nd Extraordinary Session of 2003. ADHE is requesting that funding for this position for each year of the new biennium be made as a transfer from the Higher Education Grants Fund to the Department of Higher Education Fund. A transfer of funds for these purposes is included as part of the Department's special language request.

The Executive Recommendation provides for Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 0700P02 Student Financial Aid

**Funding Sources:** HQA-Dept. of High Educ; HEG-Higher Educ Grants; FCP-Federal

Program Description	Program Goals
The Student Financial Aid program is responsible for developing rules and regulations for student assistance programs administered by the Arkansas Department of Higher Education. The primary Student Financial Aid programs that are administered by the Department of Higher Education include the Governor's Distinguished Scholars Program, Governor's Scholars Program, Academic Challenge Scholarship, Minority Teachers Scholarship, Teacher and Administrator Grant Program, and the Minority Masters Fellows Program. The Student Financial Aid cost center is responsible for managing daily operations and programmatic budget allocations as well as determining student award eligibility and student notification.	1 Provide Arkansas residents financial assistance to enable them to attend an Arkansas higher education institution.

Objective Code	Name	Description
10KA	Objective 1	Coordinate needs-based student financial aid programs and make higher education accessible for those who seek and qualify for admission.
11KA	Objective 2	Coordinate merit-based student financial aid programs and make higher education accessible for those who seek and qualify for admission.
12KA	Objective 3	Coordinate special student financial aid programs and make higher education accessible for those who seek and qualify for admission.
13KA	Objective 4	Coordinate the State Teacher Resource Program (STAR) and make higher education accessible for those who seek and qualify for admission.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of scholarships, grants, and loans awarded to individual students by type of financial assistance:Needs-based	13,289/12,585	16,800	16,800

## Appropriation / Program Summary

**Appropriation / Program:** 0700P02 Student Financial Aid  
**Funding Sources:** HQA-Dept. of High Educ; HEG-Higher Educ Grants; FCP-Federal

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	A comprehensive report that provides the following: 1) 10-year comparison of the number of Arkansas high school graduates who complete the college core curriculum; 2) 10-year comparison of the college-going rate in Arkansas; 3) 10-year comparison of the # of state students scoring 32 or higher on the ACT and attended college in Arkansas; 4) Retention and graduation rates of needs-based, merit-based, and special scholarships recipients; 5) 10-year comparison of the # of college graduates attending Arkansas colleges who were licensed to teach in Arkansas; 6) 10-year comparison of the # of minority college graduates attending Arkansas colleges licensed to teach in Arkansas; 7) 10-year comparison of the # of college graduates attending Arkansas colleges licensed to teach in Arkansas in critical need areas of science, foreign lang., spec. educ., and any other subject areas defined by ADE. 8) Retention and graduation rates of STAR recipients and Number and percentage of STAR completers teaching in critical shortage areas.	1/1	1	1
1			Outcome	Efficient management of student financial aid programs will be demonstrated by the administrative costs as a percentage of the total program budget.		2%	2%
2	X	X	Output	Number of scholarships, grants, and loans awarded to individual students by type of financial assistance: Merit-based	837/841	820	820

## Appropriation / Program Summary

**Appropriation / Program:** 0700P02 Student Financial Aid

**Funding Sources:** HQA-Dept. of High Educ; HEG-Higher Educ Grants; FCP-Federal

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
3			Output	Number of scholarships, grants, and loans awarded to individual students by type of financial assistance: Special	1,104/1,087	1,100	1,100
4			Output	Number of scholarships, grants and loans awarded to individual students by type of financial assistance: STAR		310	340

## Appropriation / Program Summary

Appropriation / Program: 0700P02 Student Financial Aid  
**Authorized Program Amount 43,338,482**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	256,200	347,853	367,400	367,400	367,400	377,918	377,918	377,918
<b>#Positions</b>		<b>7</b>	<b>8</b>						
Personal Services Matching	5010003	68,839	93,464	101,004	101,004	101,004	103,016	103,016	103,016
Grants and Aid	5100004	3,096,070	4,550,755	4,550,755	4,909,889	4,909,889	4,550,755	4,909,889	4,909,889
Scholarships	5100030	730,530	1,145,000	36,197,242	36,217,242	36,217,242	36,197,242	36,217,242	36,217,242
Loans	5120029	124,928	1,581,717	1,581,717	1,581,717	1,581,717	1,581,717	1,581,717	1,581,717
Academic Challenge	5900046	18,015,603	30,174,734	0	0	0	0	0	0
Governor's Scholars	5900047	7,047,633	4,877,508	0	0	0	0	0	0
<b>Total</b>		<b>29,339,803</b>	<b>42,771,031</b>	<b>42,798,118</b>	<b>43,177,252</b>	<b>43,177,252</b>	<b>42,810,648</b>	<b>43,189,782</b>	<b>43,189,782</b>

Funding Sources									
Fund Balance	4000005	259,863	13,000,035	12,706,102	12,706,102	12,706,102	12,058,136	12,058,136	12,058,136
General Revenue	4000010	31,065,744	31,504,941	31,517,988	31,517,988	31,517,988	31,528,003	31,528,003	31,528,003
Federal Revenue	4000020	420,884	160,866	160,866	520,000	520,000	160,866	520,000	520,000
Educational Adequacy Fund	4000210	0	87,714	0	0	0	0	0	0
Educational Excellence Fund	4000220	10,593,347	11,017,510	11,017,510	11,017,510	11,017,510	11,017,510	11,017,510	11,017,510
HEG Fund Transfers/Adjustments	4000280	0	0	90,474	90,474	90,474	92,776	92,776	92,776
<b>Total Funding</b>		<b>42,339,838</b>	<b>55,771,066</b>	<b>55,492,940</b>	<b>55,852,074</b>	<b>55,852,074</b>	<b>54,857,291</b>	<b>55,216,425</b>	<b>55,216,425</b>
Excess Appro/(Funding)		(13,000,035)	(13,000,035)	(12,694,822)	(12,674,822)	(12,674,822)	(12,046,643)	(12,026,643)	(12,026,643)
<b>Grand Total</b>		<b>29,339,803</b>	<b>42,771,031</b>	<b>42,798,118</b>	<b>43,177,252</b>	<b>43,177,252</b>	<b>42,810,648</b>	<b>43,189,782</b>	<b>43,189,782</b>

Funding for support of the HE Cood of Recruitment position is requested from transfers from the HIGher Educ Grants (HEG) Fund.  
 The HEG FY05 and FY06 ending fund balances are split between Programs 0700P02 and 0700P03 to fund agency HEG biennial requests.  
 For FY04, a total of \$178,375 in general revenue was transferred to UAPB for costs of the AR Geographical Needs Program.

## **Objective Summary**

**Objective:** 10KA Student Financial Aid-Objective 1-Treasury

**Description:** Coordinate needs-based student financial aid programs and make higher education accessible for those who seek and qualify for admission.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Regular Salaries 5010000	256,200	277,027	294,679	294,679	294,679	303,266	303,266	303,266
<b>#Positions</b>	<b>7</b>							
Personal Services Matching 5010003	68,839	76,576	83,252	83,252	83,252	84,895	84,895	84,895
Grants and Aid 5100004	2,645,197	3,871,211	3,871,211	4,230,345	4,230,345	3,871,211	4,230,345	4,230,345
Scholarships 5100030	0	0	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734	30,174,734
Academic Challenge 5900046	18,015,603	30,174,734	0	0	0	0	0	0
<b>Objective Total</b>	<b>20,985,839</b>	<b>34,399,548</b>	<b>34,423,876</b>	<b>34,783,010</b>	<b>34,783,010</b>	<b>34,434,106</b>	<b>34,793,240</b>	<b>34,793,240</b>

## **Objective Summary**

**Objective:** 11KA Student Financial Aid-Objective 2-Treasury

**Description:** Coordinate merit-based student financial aid programs and make higher education accessible for those who seek and qualify for admission.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Scholarships 5100030	14,541	20,000	4,897,508	4,897,508	4,897,508	4,897,508	4,897,508	4,897,508
Governor's Scholars 5900047	7,047,633	4,877,508	0	0	0	0	0	0
Objective Total	7,062,174	4,897,508	4,897,508	4,897,508	4,897,508	4,897,508	4,897,508	4,897,508

## **Objective Summary**

**Objective:** 12KA Student Financial Aid-Objective 3-Treasury

**Description:** Coordinate special student financial aid programs and make higher education accessible for those who seek and qualify for admission.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	70,826	72,721	72,721	72,721	74,652	74,652	74,652
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	0	16,888	17,752	17,752	17,752	18,121	18,121	18,121
Grants and Aid 5100004	450,873	679,544	679,544	679,544	679,544	679,544	679,544	679,544
Scholarships 5100030	715,989	1,125,000	1,125,000	1,145,000	1,145,000	1,125,000	1,145,000	1,145,000
Loans 5120029	75,000	81,717	81,717	81,717	81,717	81,717	81,717	81,717
Objective Total	1,241,862	1,973,975	1,976,734	1,996,734	1,996,734	1,979,034	1,999,034	1,999,034

## **Objective Summary**

**Objective:** 13KA Student Financial Aid-Objective 4-Treasury

**Description:** Coordinate the State Teacher Resource Program (STAR) and make higher education accessible for those who seek and qualify for admission.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	49,928	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Objective Total	49,928	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

## **Analysis of Budget Request**

**Appropriation / Program:** 0700P03 - Hlth Professions Financial Assist

**Funding Sources:** HEG-Higher Education Grants Fund

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Such assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathy medicine, podiatric and chiropractic medicine.

Based on the freshman and sophomore classes expected to enter in the fall of 2004 and a full complement in the entering classes for 2005-06 and 2006-07, the net Change Level requests for the Health Professions Financial Assistance Program total \$293,933 for FY06 and \$616,686 for FY07. According to ADHE, this request will permit these programs to continue at the same level of students served since 1994-95. ARHEG is funded by general revenue. ADHE anticipates that the funding needs for these programs for the 2005-07 biennium can be met by utilization of fund balances carried forward in the Higher Education Grants Fund. Change Levels by Health Education Grant Program are as follows:

- Dental Medicine: A negative Change Level request of \$101,000 for Grants for FY06 is requested. Appropriation only requests for Grants for Dental Aid total \$14,000 for FY07 only. For Dental Loans as authorized by Act 1715 of 2003, appropriation only requests total \$270,000 for FY06 and \$360,000 for FY07. For both the Grants and Loans segments of this program, the net requested increases total \$169,000 for FY06 and \$374,000 for FY07.
- Veterinary Medicine: Appropriation only requests of \$107,145 for FY06 and \$169,398 for FY07.
- Optometry Medicine: Appropriation only requests of \$19,600 for FY06 and \$44,800 for FY07.
- Osteopathic Medicine: A decrease in FY06 of \$7,112 and an appropriation only request of \$5,988 for FY07.
- Podiatric Medicine: Appropriation only requests of \$2,600 for FY06 and \$14,800 for FY07.
- Chiropractic Medicine: Appropriation only requests of \$2,700 for FY06 and \$7,700 for FY07.

The Executive Recommendation provides for Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 0700P03 Health Professions Financial Assistance

**Funding Sources:** HEG-Higher Education Grants Fund

Program Description	Program Goals
The Health Professions Financial Assistance program is responsible for developing rules and regulations for the Arkansas Health Education Grant (ARHEG) program. ARHEG provides Arkansas residents financial assistance to enable them to attend health professional schools in other states in cases when Arkansas does not provide the training.	1 Provide Arkansas residents financial assistance to enable them to attend health professional schools in other states in cases when Arkansas does not provide the training.

Objective Code	Name	Description
20KA	Objective 1	Coordinate the Arkansas Higher Education Grant (ARHEG) Program, a financial assistance program for students pursuing professional programs in certain healthcare fields that can only be obtained at out-of-state institutions through the Southern Regional Education Board (SREB) Regional Contract Program and direct contracts between participating institutions and the Arkansas Department of Higher Education.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of students, pursuing professional programs in certain healthcare fields that are not available in Arkansas, who receive assistance through the SREB Contract Program and direct contracts between participating institutions and the Department of Higher Education.	260/261	260	260
1	X	X	Outcome	Number of annual reports presented to the Arkansas Higher Education Coordinating Board that show the number of students receiving ARHEG assistance, retention and graduation rates of ARHEG students, and the percentage of program graduates licensed to practice in Arkansas upon graduation, noting those pursuing further training.	1/1	1	1

## Appropriation / Program Summary

Appropriation / Program: 0700P03 Hlth Professions Financial Assist

Authorized Program Amount **3,159,861**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data		Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,519,112	3,159,861	3,159,861	3,183,794	3,183,794	3,159,861	3,416,547	3,416,547
Loans	5120029	90,095	0	0	270,000	270,000	0	360,000	360,000
Total		2,609,207	3,159,861	3,159,861	3,453,794	3,453,794	3,159,861	3,776,547	3,776,547

Funding Sources									
Fund Balance	4000005	0	0	293,933	293,933	293,933	616,686	616,686	616,686
General Revenue	4000010	2,609,207	3,159,861	3,159,861	3,159,861	3,159,861	3,159,861	3,159,861	3,159,861
Total Funding		2,609,207	3,159,861	3,453,794	3,453,794	3,453,794	3,776,547	3,776,547	3,776,547
Excess Appro/(Funding)		0	0	(293,933)	0	0	(616,686)	0	0
Grand Total		2,609,207	3,159,861	3,159,861	3,453,794	3,453,794	3,159,861	3,776,547	3,776,547

Actual expenditures in FY04 for Loans was made possible through a transfer of appropriation from Grants to Loans to absorb costs for Dental Loans as authorized by Act 1715 of 2003. The FY06 and FY07 beginning fund balances for this program are part of the FY05 and FY06 ending fund balances of the Higher Education Grants Fund reflected in Program 0700P02.

## **Objective Summary**

**Objective:** 20KA Hlth Professions Financial Assist-Objective 1-Treasury

**Description:** Coordinate the Arkansas Higher Education Grant (ARHEG) Program, a financial assistance program for students pursuing professional programs in certain healthcare fields that can only be obtained at out-of-state institutions through the Southern Regional Education Board (SREB) Regional Contract Program and direct contracts between participating institutions and the Arkansas Department of Higher Education.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Grants and Aid 5100004	2,519,112	3,159,861	3,159,861	3,183,794	3,183,794	3,159,861	3,416,547	3,416,547
Loans 5120029	90,095	0	0	270,000	270,000	0	360,000	360,000
Objective Total	2,609,207	3,159,861	3,159,861	3,453,794	3,453,794	3,159,861	3,776,547	3,776,547

## **Analysis of Budget Request**

**Appropriation / Program:** 0700P04 - Institutional Grants

**Funding Sources:** HQA-Dept. of Higher Education; FCP-Federal

The Institutional Grants Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for federally and state-funded programs received by Arkansas colleges and universities. Other responsibilities include management of daily operations of programs, programmatic budget allocations, and determination of student award eligibility and notification.

Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for one (1) Base Level position. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Technical Education - Federal Program provides technical education services to applicable institutions of higher education through the Carl D. Perkins Vocational and Technical Education Grant. Change Level requests total \$244,184 for FY06 and \$246,484 for FY07 and consists of the following:

- \$90,473 for FY06 and \$92,773 for FY07 in salary and associated matching costs to support a Grade 99 DHE Coordinator of Federal Programs position. This position is currently authorized through the Miscellaneous Federal Grant process.
- \$81,711 each year for Operating Expenses, \$10,000 each year in Travel, and \$62,000 each year in Professional Fees & Services is requested to provide the necessary operating support for this program.

The Improving Teacher Quality - Federal Program places major emphasis upon teacher quality as a factor in improving student achievement. Also known as the No Child Left Behind Program, the importance of preparing, training, and recruiting high quality teachers and principals is stressed through competitive grants to institutions of higher education. Change Level requests total \$1,127,000 each year, of which \$1,100,000 each year will be used for Grants and the balance (\$14,000 each year in Operating Expenses, \$8,000 each year in Travel, & \$5,000 each year in Professional Fees & Services) will be used for to support functions related to the accountability, evaluation, and monitoring of activities of the No Child Left Behind Program.

The Executive Recommendation provides for Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 0700P04 Institutional Grants

**Funding Sources:** HQA-Dept. of Higher Education; FCP-Federal

Program Description	Program Goals
The Institutional Grants Program is responsible for developing rules and regulations for federally and state-funded programs that are received by Arkansas colleges. The primary programs administered under this program include the Carl D. Perkins Vocational and Technical institutional grant program, the Youth Opportunities Unlimited (YOU) enrichment program, the Dwight D. Eisenhower Professional Development Program, and the Teacher Quality Enhancement Grant. When considered as a collective, these programs are designed to assist institutions in serving special populations or any other designated group, academic program, or institutional support initiative. The Institutional Grants cost center is also responsible for managing daily operations and programmatic budget allocations as well as determining student award eligibility and student notification.	1 Provide Arkansas institutions federal and state grant monies that will assist them in serving special populations and providing special program support.

Objective Code	Name	Description
25KA	Objective 1	Coordinate and administer statewide federal and state programs designed to be awarded to institutions including the Carl D. Perkins Vocational and Technical Education Amendments of 1998 grant, the Arkansas Teacher Quality Enhancement Program, the Youth Opportunities Unlimited (YOU) enrichment program, and the Dwight D. Eisenhower Professional Development Program.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Number of students and teachers supported by federal financial assistance programs awarded to institutions.	22,740/ 28,512	22,740	22,745
1	X	X	Outcome	Efficient management of institutional grants will be demonstrated by the administrative costs as a percentage of the total program budget.		14.5%	14%

## Appropriation / Program Summary

Appropriation / Program: 0700P04 Institutional Grants

Authorized Program Amount **2,353,669**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	145,022	133,941	72,721	145,442	145,442	74,652	149,304	149,304
<b>#Positions</b>		<b>4</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	32,422	32,334	17,752	35,504	35,504	18,121	36,242	36,242
Operating Expenses	5020002	52,323	98,567	16,856	112,567	112,567	16,856	112,567	112,567
Travel-Conference Fees	5050009	20,633	24,000	14,000	32,000	32,000	14,000	32,000	32,000
Professional Fees and Services	5060010	10,600	76,717	14,717	81,717	81,717	14,717	81,717	81,717
Grants and Aid	5100004	1,382,408	492,402	492,402	1,592,402	1,592,402	492,402	1,592,402	1,592,402
Total		1,643,408	857,961	628,448	1,999,632	1,999,632	630,748	2,004,232	2,004,232

Funding Sources									
General Revenue	4000010	85,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Federal Revenue	4000020	1,558,408	782,961	553,448	1,924,632	1,924,632	555,748	1,929,232	1,929,232
Total Funding		1,643,408	857,961	628,448	1,999,632	1,999,632	630,748	2,004,232	2,004,232
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		1,643,408	857,961	628,448	1,999,632	1,999,632	630,748	2,004,232	2,004,232

## **Objective Summary**

**Objective:** 25KA Institutional Grants-Objective 1-Treasury

**Description:** Coordinate and administer statewide federal and state programs designed to be awarded to institutions including the Carl D. Perkins Vocational and Technical Education Amendments of 1998 grant, the Arkansas Teacher Quality Enhancement Program, the Youth Opportunities Unlimited (YOU) enrichment program, and the Dwight D. Eisenhower Professional Development Program.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Regular Salaries 5010000	145,022	133,941	72,721	145,442	145,442	74,652	149,304	149,304
<b>#Positions</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>
Personal Services Matching 5010003	32,422	32,334	17,752	35,504	35,504	18,121	36,242	36,242
Operating Expenses 5020002	52,323	98,567	16,856	112,567	112,567	16,856	112,567	112,567
Travel-Conference Fees 5050009	20,633	24,000	14,000	32,000	32,000	14,000	32,000	32,000
Professional Fees and Services 5060010	10,600	76,717	14,717	81,717	81,717	14,717	81,717	81,717
Grants and Aid 5100004	1,382,408	492,402	492,402	1,592,402	1,592,402	492,402	1,592,402	1,592,402
<b>Objective Total</b>	<b>1,643,408</b>	<b>857,961</b>	<b>628,448</b>	<b>1,999,632</b>	<b>1,999,632</b>	<b>630,748</b>	<b>2,004,232</b>	<b>2,004,232</b>